

such failure shall not be cured by Contractor within sixty (60) days after written notice thereof by the Port; or

C. The Contractor's interest in this Use Agreement or any part thereof be mortgaged, pledged, or otherwise encumbered or transferred either voluntarily or by operation of law, or such interest or any part thereof be assigned or sublet by Contractor except in accordance with the provisions of Section 8.05 hereof; or

D. The Contractor shall file any petitions or institute any proceeding under the Bankruptcy Act, either as such Act now exists or under any amendment thereof which may hereafter be enacted, or under any act or acts, State or Federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt, or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the Contractor asks or seeks or prays to be adjudicated a bankrupt, or to be discharged from all or any of Contractor's debts or obligations, or offers to the Contractor's creditors to effect a composition or extension of time to pay the Contractor's debts, or asks, seeks, or prays for a reorganization or to effect a plan of reorganization or for a readjustment of the Contractor's debts, or for any similar relief, or if an involuntary petition in bankruptcy is filed against Contractor and the same is not discharged within sixty (60) days from such filing, or if any other petition or any other proceedings of the foregoing or similar kind of character be filed or be instituted or taken

against the Contractor, or if a receiver of the business or of the property or assets of the Contractor shall be appointed by any court except a receiver appointed at the request of the Port, or the Contractor shall make a general or any assignment for the benefit of the Contractor's creditors;

Then in any such events, the Contractor shall be in default hereunder.

If the Contractor shall be in default hereunder as aforesaid, the Port may, at its election, at the time the Contractor shall be in default hereunder, or at any time thereafter while such event of default shall continue, give the Contractor written notice of intention to terminate this Use Agreement on a date specified in said notice, which date shall not be earlier than ten (10) days after such notice is given, and if all defaults have not been cured on the date so specified, the Contractor's rights, privileges, and possessions under this Use Agreement shall cease, and with or without re-entry by the Port, this Use Agreement and the term hereof shall thereupon cease, and the Port may cancel all of Contractor's rights and privileges as specified in Article III, and Contractor shall forthwith surrender possession thereof; provided that, Contractor shall be and shall remain liable for all charges accrued hereunder to the date such termination becomes effective and for all other sums then owing by Contractor hereunder.

Section 7.02 - Termination at Option of Port: The Port may, at its option, terminate and cancel this Use Agreement immediately upon the abandonment for a period of ninety (90) days by the Contractor of the conduct of its business at the PSRY or in the Port District if not based at the PSRY.

Section 7.03 - Termination at Option of Contractor: Contractor may, at its option, terminate this Use Agreement immediately upon the occurrence of any of the following:

A. The material restriction of the Port's operation of the PSRY by action of the United States Government or any authorized agency thereof, under its wartime or emergency powers and the continuance thereof for a period of not less than ninety (90) days.

B. The default by the Port in the performance of any covenant or agreement herein required to be performed by the Port and the failure of the Port to remedy such default for a period of sixty (60) days after receipt from Contractor of written notice to remedy the same; provided, however, no notice of termination, as above provided, shall be of any force or effect if the Port shall have remedied the default prior to receipt of Contractor's notice of termination.

ARTICLE VIII - GENERAL PROVISIONS

Section 8.01 - Use Agreement Subordinate to Bond Ordinance: This Use Agreement and all rights of the Contractor hereunder are expressly subordinated and subject to the lien and provisions of any pledge or

assignment made by the Port to secure any Bonds and to the rights of the Trustee appointed under Ordinance No. 255 and the holders of said Bonds issued under Ordinance No. 255 and to the terms and conditions of Ordinance No. 255, and the Port and Contractor agree that the Trustee and, to the extent permitted by Ordinance No. 255, the holders of the said Bonds shall possess, enjoy, and may exercise all rights of the Port hereunder to the extent such possession, enjoyment, and exercise are necessary to ensure compliance by Contractor and the Port with the terms and provisions of this Use Agreement.

Section 8.02 - Conflicting Regulations: If there are conflicts in rules, regulations, or tariffs of the Port of Portland and this Agreement, then this Use Agreement shall govern.

Section 8.03 - Rules and Regulations: The Port shall have the right to adopt and enforce reasonable tariff rules and regulations not in conflict with the terms of this Use Agreement with respect to the use of the PSRY, which Contractor agrees to observe and obey.

Section 8.04 - Assignment. Neither Contractor nor any assignee or other successor of Contractor shall in any manner, directly or indirectly, by operation of law or otherwise, assign, transfer, or encumber any of Contractor's rights in and to this Use Agreement or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port. Contractor shall have the right to assign all or any

part of its rights and interests under this Use Agreement to any successor to its business through merger, consolidation, or voluntary sale or transfer of substantially all of its assets, and the consent of the Port thereto shall not be required, but due notice of any such assignment shall be given to the Port within sixty (60) days after such assignment is executed.

Section 8.05 - Nonwaiver: Any waiver of any breach of covenants herein contained to be kept and performed by either party hereto shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent the other party hereto from declaring a forfeiture, termination, or cancellation for any succeeding breach either of the same condition or covenant or otherwise. Acceptance of payment of rental shall not be deemed a waiver.

Section 8.06 - Continuity of Work: Contractor may not engage in activities or abandon work in progress which would have the effect of denying use in common with others of the PSRY.

Section 8.07 - Disputes: Any dispute arising out of the application of terms of this Use Agreement, except issues requiring the approval of the Majority of Interest, not settled through negotiations, shall be forwarded to a third party arbitrator of mutual selection that will make the final and binding ruling as to the settlement of the dispute.

Section 8.08 - Advances by Port: If Contractor shall fail to do anything that affects the common use of the facility under the terms of this Use Agreement, the Port may, at its sole option, after giving written notice to Contractor, do such act or thing on behalf of Contractor, and upon notification to Contractor of the cost thereof by the Port, Contractor shall promptly pay the Port the amount of that cost.

Section 8.09 - Attorneys' Fees: In the event any action, or suit or proceeding is brought to collect the fees and charges due, or to become due hereunder, or any portion thereof, or to take possession of any premises or enforce compliance with this Use Agreement, or for failure to observe any of the covenants of this Use Agreement, the prevailing party in such suit or action shall be entitled to such sum as the court may adjudge reasonable as attorneys' fees to be allowed in such suit, action, or proceeding, or in the event of an appeal, as allowed by the appellate court.

Section 8.10 - Statutory Provisions: This Use Agreement is subject to the provisions of Oregon Revised Statutes 279.312 through 279.320, inclusive, which, by this reference, are incorporated herein as fully as though set forth verbatim.

Section 8.11 - Headings: The Article and Section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Use Agreement.

Section 8.12 - Approval or Direction by Port: Wherever consent, approval, or direction by the Port is required in this Use Agreement, such consent, approval, or direction by the Port shall be effective only if given by the Executive Director of the Port or his designee in the manner as set forth in this Use Agreement. Nothing requiring consent, approval, or direction from the Port shall be unreasonably requested by Contractor nor shall such consent, approval, or direction be unreasonably withheld by the Port.

Section 8.13 - Favored Nations: The Port agrees that it will not set more favorable terms and conditions for any other Contractor for comparable rights at the PSRY than those being set for Contractor hereunder (except for the effective date hereof).

Section 8.14 - Notices: All notices required under this Use Agreement shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, attention Executive Director, and to Contractor at PACIFIC MARINE SHIP REPAIR, INC., 3679 BUCKINGHAM DRIVE, PORT ORCHARD, WASHINGTON 98366

_____. Date of service of such notice shall

be the date such notice is deposited in a Post Office of the United States Postal Service, postage prepaid.

IN WITNESS WHEREOF, the parties hereto have subscribed their names this 20th day of MAY, 1983.

PACIFIC MARINE SHIP REPAIR, INC. THE PORT OF PORTLAND

By Bl Robert

By Walter Egan
President

By Gary Harford

By Paul A. Underwood
Assistant Secretary

APPROVED AS TO FORM

Betty J. Enfort
Counsel for
The Port of Portland

06/16/82
0401L:79A276

Approved by Commission

Date 5/11/83

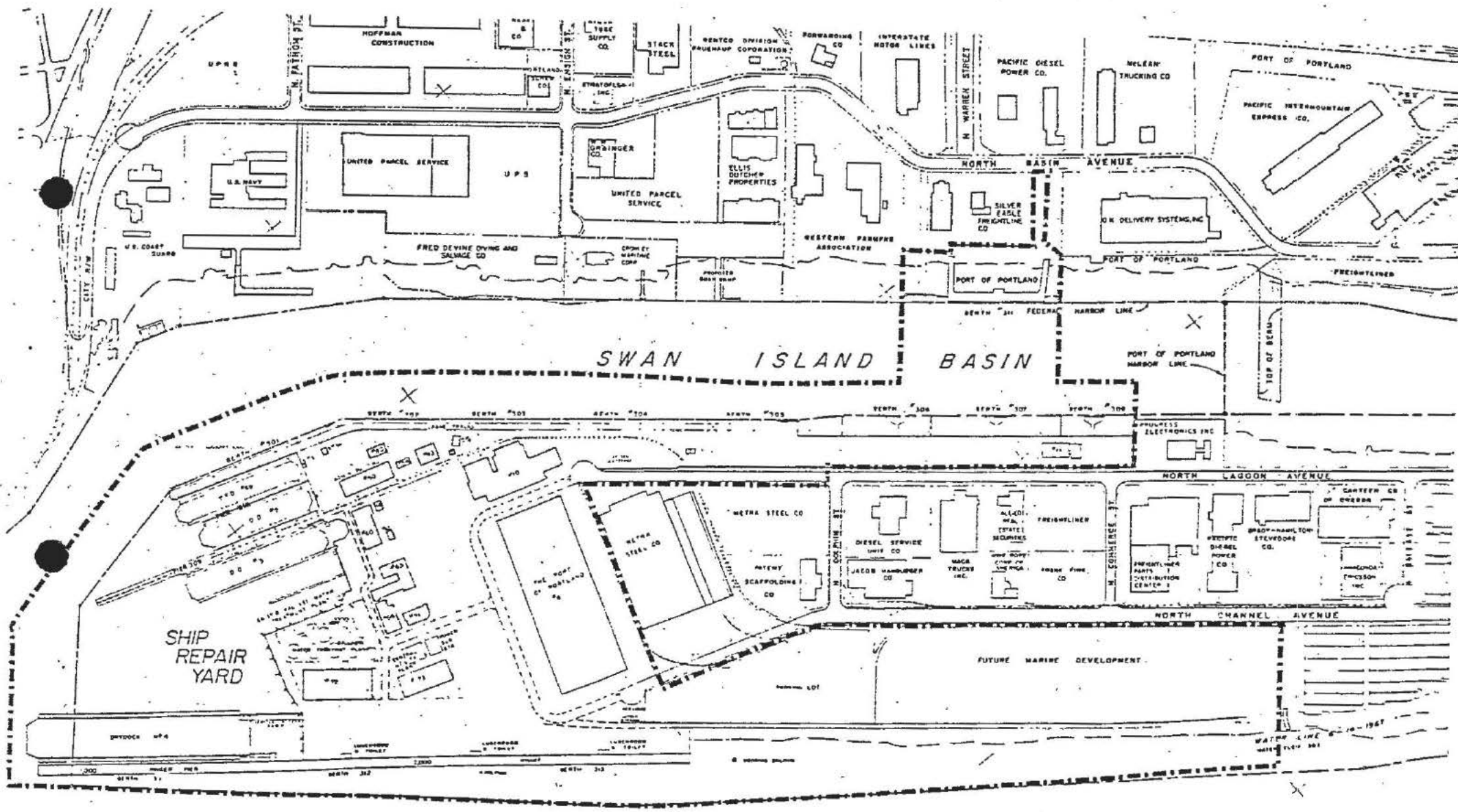


EXHIBIT 1

← WILLAMETTE

24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

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PAGE : 1/2

PSY100001911

PSY100001912

	FY 82/83	FY 83/84	FY 84/85	FY 85/86	FY 86/87	FY 87/88
ELECTRICAL REHABILITATION PROGRAM						
295612 PSRY PRELIM ELEC. SYS/IMPROVEMENTS	128					
297352 ELEC. MODIF. PIER C	8	8				
297352 PURCHASE D.C. RECTIFIERS	4	8				
29737A REHAB SUBSTATION 5	68	65				
29738A ELECTRICAL REHAB NB 305	185	135				
87684A REHAB SUBSTATION 1	48	183				
87845A REHAB SUBSTATION 5		8	76			
87846Z ELECTRICAL REHAB NB 304		28	128			
87887Z ELECTRICAL REHAB NB 383			281			
87888Z ELECTRICAL REHAB NB 382				298		
87829Z REHAB SUBSTATION 4			54			
87818Z PCB TRANSFORMER DISPOSAL					138	
87811Z REHAB SUBSTATION 3			112			
87812Z REHAB SUBSTATION 2				256		
87814Z HIGH VOLT CABLE/GROUND	8		18			
SUBTOTAL PROGRAM	337	423	653	584	138	8
CRANE & EQUIPMENT REHABILITATION PROGRAM						
29583Z PSRY AMERICAN CRANE DRIVE SYSTEM	8	8				
29584Z PSRY PRE-WASHINGTON CRANE REHAB	215					
29585Z PSRY PURCHASE 130000# LIFT TRUCK	39					
29722Z CRANE #2 REHAB	588					
29783Z CRANE #8 REHAB	423	65				
87986A PRE WASHINGTON CRANE STRUCTURAL	8					
87987A PRE CLYDE CRANE STRUCTURAL	8					
87989A REHAB AMERICAN CRANE					252	
87912A REHAB CLYDE CRANE					51	
87925A CRANE #7 REHAB		515				
87937A CRANE #6 REHAB		448	98			
87938A CRANE #5 REHAB			448			
87939A CRANE #4 REHAB			451			
87942A CRANE #3 REHAB				475		
87941A CRANE #1 REHAB				498		
SUBTOTAL PROGRAM	1257	1028	999	965	383	8
FACILITY REHABILITATION ADMIN. PROGRAM						
29582A UPDATE FAC. CONDITION SURVEY	12					
29718Z PSRY PRELIM. ENG. PHASE I	35					
87942A UPDATE FAC. CONDITION SURVEY	8	8	11	12		
SUBTOTAL PROGRAM	47	8	11	12	8	8
TOTAL CAPITAL REQUIREMENTS	2378	1961	3144	2228	1864	716
ENDING WORKING CAPITAL BALANCE	1547	355	-268	125	-168	-114

MONTH-TO-MONTH
LEASE OF IMPROVED SPACES

THIS LEASE, dated July 28, 1987, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and PACORD, INC., a corporation organized under the laws of the State of Washington, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of approximately four hundred and eighty (480) square feet of office and one thousand eight hundred and ninety-four (1,894) square feet of shop space which is on the date of this Lease improved and commonly known as Building 4 Annex (hereinafter referred to as "Premises").

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Related to ship repair.

ARTICLE II - TERM

Section 2.01 - Term: The term of this lease shall commence on June 8, 1987, and shall indefinitely, unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum of Eight Hundred and Eight Dollars and Twenty Cents (\$808.20) per month. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no

liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.

The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the Part of the Lessee in the Performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose

of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises

from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 4.10 - Premises Care: The Lessee shall at all times take good care of the demised Premises and shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.11 - Surrender: At the expiration or sooner termination of this Lease, the Lessee will surrender and deliver up said Premises to the Port or those having the Port's estate therein, in the same condition as the Lessee now receives said Premises, ordinary wear and tear and damage by fire and the elements alone excepted.

Section 4.12 - Action/Suit: If any suit or appeal thereof is instituted by either party for the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in

addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

Section 4.13 - Default: If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Port in connection with the Lessee's occupancy of the Premises, then, and in any of said events, the Port may at the Port's option at once, without notice to the Lessee or any other person, terminate this Lease; and upon the termination of said Lease at the option of the Port, as aforesaid, or at the expiration of this Lease, and upon the termination of said Lease by its terms, the Lessee will at once surrender possession of said Premises to the Port and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Port may forthwith enter into and on said Premises and repossess them as of the Port's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects of any of them,

forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession any of any and every other notice or demand prescribed by any law of the State of Oregon.

Section 4.14 - Remedies on Default: In the event of termination on default, the Port shall be entitled to request immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term the value of the Lessee's obligations to pay rent under this Lease, plus the reasonable cost of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised Premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions, and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been secured.

Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic' lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provision of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives,

successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee

forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

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Section 4.25 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at PACORD, INC., Attn: Steve Rosebrook, 6140 Sixth Avenue South, Seattle, Washington 98108.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

PACORD, INC.

THE PORT OF PORTLAND

7-22-89

By

John T. Flynn
V.P. SHIP REPAIR DIVISION

By

[Signature]
Executive Director

By _____

By _____

APPROVED AS TO FORM:

APPROVED AS TO LEGAL SUFFICIENCY:

Counsel for Lessee

M B Playfair
Counsel for The Port of Portland

ATTACHMENT 'A'

This disclosure statement refers to the lease dated _____, between the PORT OF PORTLAND and PACORD, INC, for the month-to-month rental of the improved space commonly known as improved open yard space.

For the authorized purposes of the above lease, the following utilities will be provided at the stated rates:

<u>Y/N</u>	<u>UTILITY</u>	<u>NOTE</u>
Y	Electricity	(\$0.08/kwh)
Y X	Natural Gas	(\$0.46/ccf)
N	Steam	(\$265.00/service day)
N	Compressed Air	(\$17.50/workday-Light Service) (\$70.00/workday-Heavy Service)
N	Oxygen-with Gas	(\$5.00/100 cf of Gas Consumed)
Y X	Area Heat	Not Available
Y X	Area Air Cond.	Not Available
Y X	Water	(\$4.00/ccf of Water consumed)
Y X	Sewer	-or- (\$137.50/month)
Y	Flat rate of:	
	Office: 480 sf @ \$0.15 =	\$ 72.60
	Shop: 1,894 sf @ \$0.10 =	<u>\$189.40</u>
	Total	\$262.00

TELEPHONE SERVICE, REFUSE COLLECTION, AND JANITORIAL SERVICES ARE THE RESPONSIBILITY OF THE LESSEE.

The rates are subject to change upon thirty-days notice.

ACKNOWLEDGED:

Signature

John T. Flynn

V.P. SHIP REPAIR DIVISION

7-22-87

Date

CONSENT TO ASSIGNMENT

RECITALS

1. By Lease dated July 28, 1987, Port Lease No. 87-083, PACORD, INC., a corporation organized under the laws of the State of California (erroneously identified in said Lease as Washington) (Assignor) and the PORT OF PORTLAND a port district of the State of Oregon (Port), entered into a Lease for office and shop space in the Port's ship repair yard.

2. Assignor desires to assign and transfer to PACORD, INC., a corporation organized under the laws of the State of Delaware (Assignee) all of Assignor's rights and obligations under the Lease.

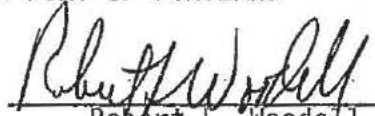
NOW, THEREFORE, the Port hereby consents to the assignment and transfer by Assignor to Assignee of the Lease, subject to all rights and obligations of Assignee under the assignment and transfer from Assignor being subordinate to, and Assignee strictly complying with, the applicable terms, covenants, and conditions of the Lease as amended or as may be amended in the future.

Assignor shall remain liable after the assignment for the performance of all obligations under the Lease, notwithstanding such assignment.

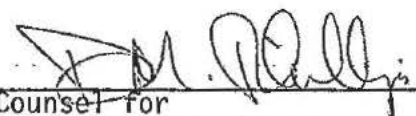
EXECUTED AND DATED: November 11, 1988.

THE PORT OF PORTLAND

By


Robert L. Woodell

APPROVED AS TO LEGAL SUFFICIENCY


Counsel for
The Port of Portland

11/09/88
4179L:12L509

AGREEMENT

THIS AGREEMENT, made and entered into this 28 day of May, 1987, by and between THE PORT OF PORTLAND, hereinafter referred to as "Port," and SUN REFINING AND MARKETING COMPANY, hereinafter referred to as "Sun," a corporation organized and existing under the laws of the State of Pennsylvania.

W I T N E S S E T H

WHEREAS, the Port is the owner of the Portland Ship Repair Yard, hereinafter referred to as "PSRY," and operates PSRY for the promotion, accommodation, and development of ship repair, conversion, and construction; and

WHEREAS, the Port and Dillingham Ship Repair, hereinafter referred to as "Dillingham," entered into a Ship Repair Yard Use Agreement on July 14, 1982, as amended on February 19, 1985, and October 1, 1985, said Agreement and amendments thereto hereinafter collectively referred to as "DSR Use Agreement," which sets forth the terms and conditions under which Dillingham operates at PSRY; and

WHEREAS, under Section 5.03 of the DSR Use Agreement, Dillingham is obligated to pay the Port 5.7% of its billings as a PSRY Use Fee; and

WHEREAS, Sun has entered into a contract with Dillingham to perform certain repair work on the SS PRINCE WILLIAM SOUND, the estimate of said work to be performed by Dillingham to be approximately \$23,000,000; and

WHEREAS, in order to assist and encourage economic development and world trade opportunities which are of vital importance to the health, safety, and welfare of the State of Oregon and specifically to encourage Sun to avail itself of the ship repair yard facilities in Portland, the Port wishes to discount the PSRY Use Fee presently being billed and collected under the terms of the DSR Use Agreement and the contract with DSR;

NOW THEREFORE, in consideration of the covenants and conditions hereinafter contained to be kept and performed by the respective parties, IT IS AGREED as follows:

ARTICLE I

1. Dillingham is obligated under the DSR Use Agreement to invoice and collect from Sun 5.7% of its billings for the PSRY Use Fee. In lieu of direct payment to Dillingham by Sun for the PSRY Use Fee, the Port agrees to modify its contract with Dillingham to provide that the PSRY Use Fee billed by Dillingham to Sun can be cancelled upon the express condition that Sun complies with all of the terms and conditions of this Agreement.

2. Sun agrees to pay the Port a PSRY Use Fee equal to 5.13% of Dillingham's billings. Dillingham's billings are defined as all charges billed by Dillingham and agreed to or paid by Sun for ship repair, conversion, or construction work which has been accomplished in whole or in part within the confines of the PSRY. This includes, but is not limited to, charges made by Dillingham for subcontractors, subsidiaries, vendors, and other suppliers of goods and services, but excludes amounts charged by Dillingham for recovery of PSRY Rehabilitation Fees and PSRY Tariff charges.

3. Sun shall pay the PSRY Use Fee based on the most current invoice submitted by Dillingham and agreed to or paid by Sun prior to the departure of the PRINCE WILLIAM SOUND from PSRY. On completion of the negotiation between Sun and Dillingham for final payment Sun shall pay to the Port any additional amount owing for the full PSRY Use Fee on the final negotiated invoice or, if the final negotiation is not completed within 60 days after the PRINCE WILLIAM SOUND departs, then promptly following such 60th day Sun shall pay any additional amount owing for the full PSRY Use Fee on such portion of the final invoice which is not in dispute, and then Sun shall pay any additional amount owing when the final negotiations are completed.

4. To insure that the obligations of Sun with respect to the payment of PSRY Use Fees to the Port are fulfilled, upon execution of this Agreement, Sun shall sign the Guarantee Agreement in the form setforth in Exhibit A to this Agreement.

5. In consideration of Sun fulfilling all of the terms and conditions of this Agreement, the Port will provide Sun with a credit in an amount equal to 10% of the PSRY Use Fees paid by Sun for the PRINCE WILLIAM SOUND project which can only be applied, in combination with any discount that the Port may offer to attract Sun's work, to reduce PSRY Use Fee charges on Sun's future work at PSRY which is commenced on or before June 1, 1990.

ARTICLE II - GENERAL PROVISIONS

6. Payment shall be to Port at the Port of Portland, P.O. Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Sun when due shall bear interest at the rate of 18% per annum. The interest rate of 18% on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

7. Neither Sun nor any assignee or other successor of Sun shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Sun's rights in and to this Agreement or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port. Any attempted assignment shall be void.

Sun shall not assign all or any part of its rights and interests under this Agreement to any successor to its business through merger, consolidation, or voluntary sale or transfer of substantially all of its assets, without prior written approval of the Port.

8. If suit or action is instituted in connection with any controversy arising out of this Agreement, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

9. Port makes no warranty, guarantee or averment of any nature whatsoever concerning the work of Dillingham, and it is agreed that Port will not be responsible for any loss, damage or costs which may be incurred by Sun for any reason.

10. The Port and Sun are the only parties to this Agreement and as such are the only parties entitled to enforce its terms. Nothing in this Agreement gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

11. Sun shall comply with all applicable state and federal laws including but not limited to laws, rules, regulations and policies concerning equal opportunity, nondiscrimination, Workers' Compensation, and minimum and prevailing wage requirements.

12. All notices required under this Agreement shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, and to Sun at 500 West Dutton's Mill Road, Aston, Pennsylvania 19014.

13. This Agreement (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; (b) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; and (c) shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the State of Oregon. If any provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions.

The individuals executing this Agreement warrant that they have full authority to execute this Agreement on behalf of the entity for whom they are acting herein.

The parties hereto further acknowledge that they have thoroughly read this Agreement, including any exhibits or attachments hereto, and have sought and received whatever competent advice and counsel as was

necessary for them to form a full and complete understanding of all rights and obligations herein; and, having so done, do hereby execute this Agreement on the day and year first above mentioned.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

SUN REFINING AND MARKETING COMPANY

By

John H. Bates
John H. Bates

By

Donald E. Lindquist
Donald E. Lindquist

APPROVED AS TO FORM

J. C. Snyf
Counsel for Sun

THE PORT OF PORTLAND

By

[Signature]

By

APPROVED AS TO LEGAL SUFFICIENCY

M B Playfair
Counsel for
The Port of Portland

APPROVED BY COMMISSION ON:

N/A

MBR

05/22/87
3773L:12D431

EXHIBIT A

GUARANTEE AGREEMENT

This Guarantee Agreement, dated as of May 28, 1987, is by and between SUN REFINING AND MARKETING COMPANY, a corporation duly organized and existing under the laws of the State of Pennsylvania (herein called the "Guarantor"), and THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (herein called the "Port").

W I T N E S S E T H

WHEREAS, the Port is the owner of the Portland Ship Repair Yard, hereinafter referred to as "PSRY," and operates PSRY for the promotion, accommodation, and development of ship repair, conversion, and construction; and

WHEREAS, the Port and Dillingham Ship Repair, hereinafter referred to as "Dillingham," entered into a Ship Repair Yard Use Agreement on July 14, 1982, as amended on February 19, 1985, and October 1, 1985, said Agreement and amendments thereto hereinafter collectively referred to as "DSR Use Agreement," which sets forth the terms and conditions under which Dillingham operates at PSRY; and

WHEREAS, under Section 5.03 of the DSR Use Agreement, Dillingham is obligated to pay the Port 5.7% of its billings as a PSRY Use Fee; and

WHEREAS, Guarantor has entered into a contract with Dillingham to perform certain repair work on the M/V PRINCE WILLIAM SOUND, the estimate of said work to be performed by Dillingham to be approximately \$23,000,000; and

WHEREAS, in order to assist and encourage economic development and world trade opportunities which are of vital importance to the health, safety, and welfare of the State of Oregon and specifically to encourage Guarantor to avail itself of the ship repair yard facilities in Portland, the Port wishes to discount the PSRY Use Fee presently being billed and collected under the terms of the DSR Use Agreement;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, the Guarantor does hereby covenant and agree with the Port as follows:

ARTICLE I - REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

Section 1.1: The Guarantor hereby represents and warrants that it is a corporation duly incorporated and in good standing under the laws of the State of Pennsylvania, has full power and authority to enter into and perform this Guarantee Agreement, has duly authorized the execution and delivery of this Guarantee Agreement by proper corporate action and that such execution and delivery and compliance with the terms hereof will not contravene or constitute a default under its Articles of Incorporation or By-Laws or any indenture,

commitment, agreement or other instrument to which the Guarantor is a party or by which it is bound or any existing law, rule, regulation, judgment, order or decree to which it is subject.

ARTICLE II - COVENANTS AND AGREEMENTS

Section 2.1: The Guarantor hereby unconditionally and irrevocably guarantees to the Port the full and prompt payment and performance of all obligations, covenants and agreements made by Guarantor in its Agreement with the Port relating to the M/V PRINCE WILLIAM SOUND dated May 28, 1987, hereinafter referred to as "Port Agreement."

Section 2.2: The obligations of the Guarantor under this Guarantee Agreement shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following whether or not such event shall occur with notice to, or the consent of, the Guarantor:

(a) the waiver, surrender, compromise, settlement, discharge, release or termination of any or all of the obligations, covenants or agreements of Sun arising under the Port Agreement;

(b) the failure to give notice to the Guarantor of the occurrence of a default arising under this Guarantee Agreement or an event of default under the terms and provisions of the Port Agreement;

(c) the transfer, assignment or mortgaging or the purported transfer, assignment or mortgaging of all or any part of the interest of Guarantor in the Port Agreement or any failure of title with respect to Guarantor's interest in the Port Agreement or the invalidity, unenforceability or termination of the Port Agreement;

(d) the waiver, surrender, compromise, settlement, discharge, release or termination of Guarantor's obligations, covenants or agreements contained in the Port Agreement;

(e) the extension of the time for payment of any obligation of Sun or payable under any provision of the Port Agreement or of the time for performance of any obligation, covenant or agreement under or arising out of the Port Agreement or any extension or renewal thereof;

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Port Agreement;

(g) the taking or the omission of any action referred to in the Port Agreement or of any action under this Guarantee Agreement;

(h) any failure, omission, delay or lack of diligence on the part of the Port in the enforcement, assertion or exercise of any right, power or remedy conferred on the Port under the Port Agreement or conferred on the Port in this Guarantee Agreement, or the inability

of the Port to enforce any provision of the Port Agreement or this Guarantee Agreement for any other reason, or any other act or omission on the part of the Port;

(i) the dissolution, sale or other disposition of all or substantially all the assets, liquidation, the marshalling of assets and liabilities, receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, arrangement, adjustment, composition or other similar proceedings affecting the Guarantor or any of their assets, or any allegation or contest of the validity of this Guarantee Agreement or the Port Agreement; or

(j) to the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guarantee Agreement.

ARTICLE III - DEFAULT AND REMEDIES

Section 3.1: The Port shall have the right, power and authority to do all things it deems necessary or advisable to enforce the provisions of this Guarantee Agreement or in the event of default by Guarantor under the Port Agreement when and as the same shall become due, the Port may institute or appear in such appropriate judicial proceedings as the Port shall deem most effectual to protect and enforce any of its rights, whether for the specific enforcement of any

covenant or agreement in this Guarantee Agreement or the Port Agreement or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy. Without limiting the generality of the foregoing, in the event of a default in payment when due, the Port may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceedings to judgment or final decree, and may enforce the same against the Guarantor and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Guarantor, wherever situated.

Section 3.2: No remedy conferred upon or reserved to the Port herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guarantee Agreement or now or hereafter existing at law or in equity.

Section 3.3: Each and every default in any payment due under the Port Agreement shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises. In the event of such default, the Port shall have the right to proceed first and directly against the Guarantor under this Guarantee Agreement without proceeding against any other person or exhausting any other remedies which it may have and without resorting to any security held by the Port.

Section 3.4: The Guarantor agrees to pay all costs, expenses and fees and all reasonable attorneys' fees, which may be incurred by the Port in enforcing or attempting to enforce this Guarantee Agreement or protecting the rights of the Port hereunder following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

Section 3.5: No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE IV - GENERAL

Section 4.1: This Guarantee Agreement (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; (b) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; and (c) shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the State of Oregon. If any provision of this Guarantee Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers, and The Port of Portland has accepted the same, as of the date first above written.

SUN REFINING AND MARKETING COMPANY

By John H. Bates
John H. Bates

ATTEST: William R. Schultz
William R. Schultz

[CORPORATE SEAL]

Accepted as of the 28 day of May, 1987, by

[CORPORATE SEAL]

ATTEST:

Shirley L. Dackington

THE PORT OF PORTLAND

By MBP

APPROVED AS TO LEGAL SUFFICIENCY

MBP
Counsel for
The Port of Portland

05/22/87
3773L:12D431

MONTH-TO-MONTH LEASE

THIS LEASE, dated July 2, 1982, by and between THE PORT OF PORTLAND, a municipal corporation of the state of Oregon, hereinafter referred to as Port, and Schnitzer-Levin Marine Company, hereinafter referred to as Lessee,

ARTICLE I - PREMISES

Section 1.01 - Description: Port leases to Lessee, on the terms and conditions stated below, the premises consisting of: Building 80, lower level, 724 square feet of office space located at the Portland Ship Repair Yard

Section 1.02 - Use of Premises: Lessee may use the premises only for the following purpose: Business related to ship repair

ARTICLE II - TERM

The term of this Lease shall commence on July 15, 1982, and continue month to month until terminated by either party upon thirty (30) days written notice.

ARTICLE III - RENTAL

Lessee shall pay to Port as rent the sum of two hundred sixty
and 64/100 dollars
(\$260.64) per month. Rent shall be payable on the tenth (10th)
day of each month in advance.

Rental rate is set at thirty six cents (\$0.36) per square foot
per month

_____.

All rents remaining unpaid for a period of forty-five (45)
calendar days after the first day of the month due will be charged a
delinquency charge of one and one-half percent (1 1/2%) per month
(eighteen percent [18%] per year).

ARTICLE IV - LESSEE OBLIGATIONS

Section 4.01 - Title to Improvements, Personal Property: Upon
termination of this Lease the Port shall have the option to either
require removal of all structures, installations or improvements
within thirty (30) days after the expiration of the Lease at
Lessee's expense or shall have the option to take title to such
structures, installations, and improvements. Personal property such
as furniture shall be removed by Lessee within thirty (30) days or

the Port shall have the option to remove said personal property at Lessee's expense or take title.

Section 4.02 - Maintenance: Lessee shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris, and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.03 - Services: Lessee shall promptly pay any charges for telephone and charges for utilities and services furnished to the leased premises at Lessee's order or consent.

Section 4.04 - Taxes: Lessee agrees to pay all lawful taxes levied by the state, county, city, or any other tax levying body upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the premises or facilities or the improvements therein as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said premises. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith

or as soon as a statement thereof has been issued by the tax collector.

ARTICLE V - INDEMNITY

Lessee agrees fully to indemnify, save harmless and defend the Port, its commissioners, officers and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to third persons or their property, caused by the fault or negligence in whole or in part of the Lessee, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Port.

ARTICLE VI - GENERAL PROVISIONS

Section 6.01 - Assignment of Interest or Rights: Neither Lessee nor any assignee or other successor of Lessee shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Lessee's rights in and to this Lease or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port.

Section 6.02 - Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 6.03 - Consent of Port: Whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval or direction shall be received in writing from the Executive Director of The Port of Portland.

Section 6.04 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, and to the Lessee, Schnitzer-Levin Marine

Company, 3200 Northwest Vermont Avenue (PO Box 10047), Portland, Oregon

97210 5555 N. CHANNEL AVE, BUILDING 80,

PORTLAND, OR. 97217

Date of service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.

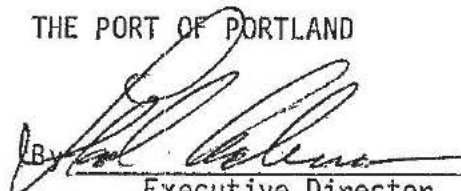
Section 6.05 - Special Conditions: Utility charges are made ac-
cording to a separate month-to-month agreement

IN WITNESS WHEREOF, the Parties hereto have subscribed their
names.

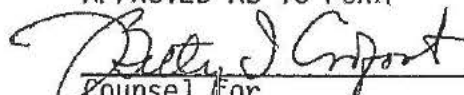
LESSEE

By  _____

THE PORT OF PORTLAND

By  _____
Executive Director

APPROVED AS TO FORM

 _____
Counsel for
The Port of Portland

03/31/82
0005L:79C680

MONTH-TO-MONTH LEASE

THIS LEASE, dated July 1, 1981, by and between THE PORT OF PORTLAND, a municipal corporation of the state of Oregon, hereinafter referred to as Port, and SCHNITZER-LEVIN MARINE CO., hereinafter referred to as Lessee,

ARTICLE I - PREMISES

Section 1.01 - Description: Port leases to Lessee, on the terms and conditions stated below, the premises consisting of: Office space in Building 80 (lower level) located at the Portland Ship Repair Yard.

Section 1.02 - Use of Premises: Lessee may use the premises only for the following purpose: business related to ship repair.

ARTICLE II - TERM

The term of this Lease shall commence on July 1, 1981, and continue month to month until terminated by either party upon thirty (30) days written notice.

ARTICLE III - RENTAL

Lessee shall pay to Port as rent the sum of Sixty-Six and 60/100 Dollars (\$66.60) per month. Rent shall be payable on the tenth (10th) day of each month in advance.

The rental rate is set at \$.36 per square foot per month. In addition there is a set charge per month for utility service of \$25.00.

All rents remaining unpaid for a period of forty-five (45) calendar days after the first day of the month due will be charged a delinquency charge of five-sixths (5/6) of one percent (1%) per month (ten percent [10%] per year).

ARTICLE IV - LESSEE OBLIGATIONS

Section 4.01 - Title to Improvements, Personal Property: Upon termination of this Lease the Port shall have the option to either require removal of all structures, installations or improvements within thirty (30) days after the expiration of the Lease at Lessee's expense or shall have the option to take title to such structures, installations, and improvements. Personal property such as furniture shall be removed by Lessee within thirty (30) days or the Port shall have the option to remove said personal property at Lessee's expense or take title.

Section 4.02 - Maintenance: Lessee shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris, and litter at all times. Port shall at all times

during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.03 - Services: Lessee shall promptly pay any charges for telephone and charges for utilities and services furnished to the leased premises at Lessee's order or consent.

Section 4.04 - Taxes: Lessee agrees to pay all lawful taxes levied by the state, county, city, or any other tax levying body upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the premises or facilities or the improvements therein as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said premises. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by the tax collector.

ARTICLE V - INDEMNITY

Lessee agrees fully to indemnify, save harmless and defend the Port, its commissioners, officers and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to third persons or their property, caused by the fault or negligence

in whole or in part of the Lessee, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Port.

ARTICLE VI - GENERAL PROVISIONS

Section 6.01 - Assignment of Interest or Rights: Neither Lessee nor any assignee or other successor of Lessee shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Lessee's rights in and to this Lease or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port.

Section 6.02 - Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 6.03 - Consent of Port: Whenever consent, approval or direction by the Port is required under the terms contained herein,

all such consent, approval or direction shall be received in writing from the Executive Director of The Port of Portland.

Section 6.04 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, and to the Lessee, Schnitzer-Levin Marine Co., 3200 N.W. Yeon Avenue (P.O. Box 10047), Portland, Oregon 97210. Date of service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.

IN WITNESS WHEREOF, the Parties hereto have subscribed their names.

SCHNITZER-LEVIN MARINE CO.

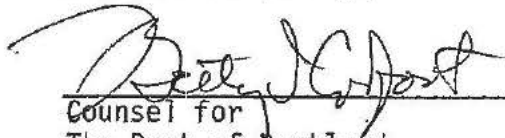
By 

By _____

THE PORT OF PORTLAND

By 
Executive Director

APPROVED AS TO FORM


Counsel for
The Port of Portland

06/17/81
0296L:79F369

November 1, 1940

Scott Aircraft Company
Swan Island Airport
City

Gentlemen:

Subject: Space Assignment - Hangar "B"

Pursuant to your request for space in the hangar building at Swan Island Airport, we are now able to make available to you, upon the same being vacated by Northwest Airlines on or about November 3, 1940, under temporary rental agreement, the following building space:

The compartment in the northerly hangar designated Hangar "B-1", containing 4890 sq.ft. of plane storage space and 622 sq.ft. of partitioned space, a total of 5512 sq.ft.

The rental for this space only, without lights or service, is \$92.00 per month.

Rental is to be paid monthly in advance and an additional deposit equal to one month's rental for space taken by you is to be made, same to be retained by the Port as security for future rentals, but in the event of your right to occupy being cancelled by the Port, all unearned rental and advance deposit would be refunded prorated for unoccupied time.

If you wish to rent the above mentioned space under the conditions set forth, your signature of acceptance on the duplicate of this letter will be necessary, together with payment of advance rentals and deposits, and such acceptance will constitute an agreement on your part that you waive notice and shall vacate the premises or any part thereof forthwith on twenty-four hours notice from the Port, and that it is understood and agreed that the Port is making space available only on a day to day basis pending future decision by the Port as to the future use and occupancy of such building space.

You may also rent under the same temporary conditions and with waiver of notice, office space in the Administration Building, the

November 1, 1940

rental of which will be prorated monthly and daily on the basis of \$1.00 per square foot per year, including light, heat and janitor service. We will designate specific rooms in the Administration Building which you may indicate you wish to occupy under the temporary conditions and terms of this offer and receipt given for rentals will describe such space.

Yours very truly,

THE PORT OF PORTLAND

By 
Manager

JPD/rg

The conditions in the above are hereby accepted and agreed to.



AGREEMENT

THIS AGREEMENT made and entered into at Portland, Oregon this 13th day of November, 1968, by and between the CITY OF PORTLAND, municipal corporation organized and existing under the laws of the State of Oregon, called Commission, and PASHA WAREHOUSES, INC., a California corporation, authorized and doing business in the State of Oregon, hereinafter called Company,

WITNESSETH:

In consideration of the agreements, covenants and stipulations herein set forth to be kept and performed by the parties hereto, Commission and Company agree as follows:

1. Commission leases to Company certain premises for office space, warehouse area, shop area, and outside wash rack area, located near Swan Island in the Portland Harbor, which space and area is more particularly delineated in the sketch attached hereto and forming a part hereof.

2. This Agreement shall be in force for a period of not to exceed one (1) calendar year from September 11, 1968 through September 10, 1969, subject to termination as hereinafter provided in Paragraph 3.

3. This Agreement may be terminated by either party upon giving to the other not less than sixty (60) days written notice.

4. The rental to be paid by Company to Commission shall be at the following rates based on the following square footage and shall be payable monthly in advance:

- (1) Office space - 192 square feet at 8¢ per square foot per month.
- (2) Warehouse area including warehouse and loading dock - 11,256 square feet at 5-1/2¢ per square foot per month.
- (3) Shop area - 4,800 square feet at 6-1/2¢ per square foot per month.
- (4) Outside wash rack area - 2,000 square feet at 2¢ per square foot per month.

5. The premises hereby leased are to be used in connection with the servicing of import automobiles moving through and over the Commission's dock and terminal facilities near the leased premises.

6. Company agrees to promptly pay for all water used in or on the leased premises provided, however, that Commission shall reimburse promptly the Company for any water used by Commission or sold by Commission to vessels from the same meter or meters used by Company and located on the premises leased. Company agrees to promptly pay for all gas and electricity used or consumed in or on the leased premises.

7. Company assumes all risks of bodily injury, including death, and damage to property in, about or upon Commission property and will protect, indemnify and hold harmless the City of Portland, the Commission and their officers, agents or employees from and against any and all claims and demands of any kind by Company, its officers, agents or employees or third parties arising out of or in any way connected with Company's use of the leased premises. Company shall furnish to the Commission evidence of public liability insurance in the amount of \$100,000/\$300,000 for bodily injury, including death, and in the amount of \$100,000 for property damage, and such policy shall be endorsed to provide that the coverage shall not be altered or cancelled without ten (10) days written notice to the Commission.

8. Company shall be responsible for all ordinary maintenance and repair of the leased premises and Company shall pay all real and personal property taxes, if any, assessed against the property leased herein or located thereon.

9. Company shall not assign any of its rights herein nor sublease the premises, or any part thereof, or allow use of the premises by others, without the written consent of Commission.

10. Company will make no alterations or improvements or place signs or advertising material on or about the premises without the written consent of Commission. Company agrees that it will not make any unlawful, improper or offensive use of any part of the leased premises and shall observe all applicable

Federal, State, and local laws or ordinances relating to Company's use and occupancy of the premises.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year above written.

'Company''

PASHA WAREHOUSES, INC.,
a California corporation

By George M. Pasha, Inc.

By Geo. H. Pasha

'Commission''

CITY OF PORTLAND, a municipal
corporation organized and existing
under the laws of the State of Oregon

By Thomas P. Quinn
Secretary

By A. J. Litch Chairman

APPROVED
W. H. Litch
COMMISSIONER

SEA-LAND PLOT

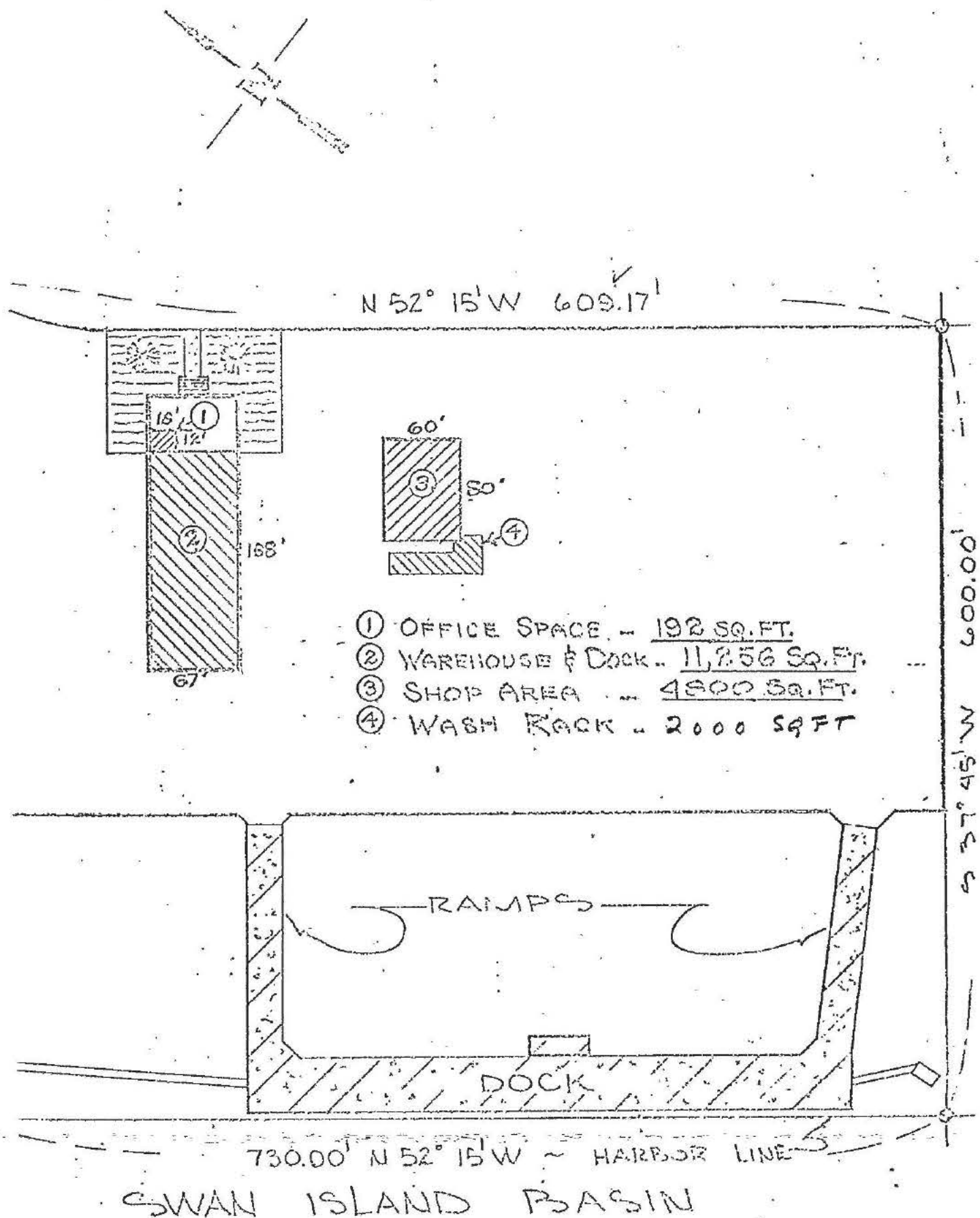


EXHIBIT A

Scale 1" = 100'

LEASE

This Agreement, made and entered into at Portland, Oregon, this 8 day of August, 1967, by and between Sea-Land of California, Incorporated, a California corporation, called "Lessor", and the City of Portland, a municipal corporation organized and existing under the laws of the State of Oregon, acting by and through its The Commission of Public Docks, called "Lessee".

WITNESSETH:

In consideration of the agreements, covenants and stipulations herein set forth to be kept and performed by the parties hereto, Lessor and Lessee agree as follows:

1. Property: Lessor leases, demises and lets to Lessee that certain dock and two connecting ramps together with 95,000 square feet of blacktop area, as shown on Exhibit "A" attached hereto and forming a part hereof, all being on premises located near Swan Island in the Portland harbor and being a portion of the premises heretofore leased by Lessor from the Port of Portland together with the right of ingress and egress through and over other premises and access gates of lessor.

2. Term: This Agreement shall be in force for a period of one (1) calendar year from its effective date under paragraph 12.

3. Rental: Lessee guarantees to Lessor a minimum payment in the sum of \$25,000.00 for the lease period. Subject to the maximum payment hereinafter set forth, it is understood and agreed that all dockage charges and one-half (1/2) of all wharfage charges which shall be collected by Lessee in operation of the leased property shall be turned over to Lessor to apply on the said minimum payment. Lessee will also collect

and turn over to Lessor all dockage charges and one-half (1/2) of all wharfage charges earned in operation of the leased property until a maximum payment to Lessee in the sum of \$41,000.00 for the lease period has been made. It is understood and agreed that any revenue earned by Lessee in its operations of the leased property over and above the said maximum payment of \$41,000.00 will be retained by Lessee. Lessee further agrees to pay to Lessor any deficiency or difference between the guaranteed minimum payment and the actual revenue and payments made pursuant to this paragraph, (if less than the guaranteed minimum payment), within ninety days of the termination of this lease. The rates and charges described herein shall be assessed under the provisions of Lessee's Tariff Number 3-A, amendments and supplements thereto, and re-issues thereof.

4. Utilities, Taxes, Maintenance: Lessee shall promptly pay for all utilities used or consumed in or on the leased premises. In addition, Lessee will be responsible for all ordinary maintenance and repair of the leased premises. All real and personal property taxes, if any, assessed against the property leased herein shall be paid by Lessor.

5. Log Removal: Lessee agrees to remove from the area adjacent to the dock leased herein all sinker logs within ninety days after termination of the lease period.

6. Use of Premises: In the Lessee's use of the premises for loading and discharging vessels, the storage, handling, receipt, and delivery of cargo, the Lessee shall not permit any logs to be stored on the premises and shall not permit any logs to be placed or to remain in the water beyond a line 175 feet from the base of the dock. Lessee shall not permit the delivery of logs by truck or rail car in or upon the premises under lease.

7. Lessor agrees to permit completion of any vessel loading or discharging operation which is in progress at the end of the contract year.

8. Liability Insurance: Lessee agrees to procure and keep in force adequate liability insurance covering bodily injury to, or death of

any person and damage to property of others. Lessee will furnish evidence of such insurance at Lessor's request.

9. Fire and Extended Coverage Insurance: Lessor shall be responsible for the procurement and maintenance of fire and extended coverage insurance on the leased premises, including improvements. Under Lessor's existing fire and extended coverage insurance policies, Lessor has the right and privilege to waive subrogation rights of the underwriters on said policies against the Lessee. Lessor covenants and agrees that so long as said privilege of waiver provision is in force in said policies it shall, and hereby does, waive said subrogation right and privilege against the Lessee herein with respect to any peril insured against under such fire and extended coverage insurance.

10. Indemnification: Lessor agrees to indemnify and hold harmless the Lessee and its officers, employees and agents from and against any and all loss, liability, damage, claims, demands and actions for bodily injury, including death, or damage to property of others, caused by the negligence of Lessor, its officers, employees and agents, invitees or licensees. Lessee agrees to indemnify and hold harmless the Lessor and its officers, employees, and agents from and against any and all loss, liability, damage, claims, demands and actions for bodily injury, including death, or damage to property of others, caused by the negligence of Lessee, its officers, employees, agents, invitees and licensees.

11. Force Majeure: If Lessee's operations at the leased premises are stopped or delayed because of strikes, civil commotion, acts of war, acts of God, Court Order, or damage to or destruction of the leased premises and facilities, or Japanese Government import restrictions or United States Government export restrictions on log shipments, the basic minimum payment provided for in this agreement shall be reduced in proportion that the number of days of such stoppage bears to the contract year.

12. Federal Maritime Commission Approval: This agreement shall not be effective until approved, if approval is required, by the Federal Maritime Commission pursuant to Section 15 of the Shipping Act, 1916, as amended. Lessor shall cause a copy of this agreement to be promptly filed with the Federal Maritime Commission. Upon the Lessor being notified by the Federal Maritime Commission that this agreement has been approved or that such approval is not required, the Lessor shall promptly notify the Lessee and the agreement shall be effective in accordance with its terms. If the Federal Maritime Commission determines that such approval is required and disapproves this agreement, this agreement shall be of no force or effect.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year above written.

"Lessor"

SEA-LAND OF CALIFORNIA, INCORPORATED
A California Corporation

BY R. G. Yarnall
Vice-President

BY E. D. [Signature]
Asst. Secretary

"Lessee"

THE CITY OF PORTLAND, OREGON
acting By and Through its
The Commission of Public Docks

BY [Signature]
Chairman

BY [Signature]
Secretary

APPROVED
[Signature]
OPERATIONS MANAGER

APPROVED
[Signature]
CONTROLLER

APPROVED AS TO FORM

[Signature]
COUNSEL FOR THE COMMISSION OF PUBLIC DOCKS

A G R E E M E N T

THIS AGREEMENT, entered into this 28th day of January, 1963, by and between The Port of Portland, a municipal corporation of the State of Oregon, hereinafter referred to as the "Port," and Sea-Land Service, Inc., a Delaware corporation, hereinafter referred to as "Tenant."

W I T N E S S E T H:

The Port, in consideration of the rental to be paid and other good and valuable consideration, hereby rents to the Tenant the following described real property:

A parcel of land located in Section 17, Township 1 North, Range 1 East, Willamette Meridian, Multnomah County, Oregon, described as follows:

Beginning at a point on the westerly right-of-way line of North Basin Avenue, said point being North 1374.69 feet and West 1789.88 feet from the Southeast corner of said Section 17; thence southerly along the arc of a 215-foot radius curve to the left having a central angle of $34^{\circ}11'43''$ a distance of 128.32 feet to a point, said point bears South $35^{\circ}09'08''$ East, 126.42 feet from the last described point and being also 40 feet left of Basin Avenue centerline station 18+35.50; thence South $52^{\circ}15'$ East, along the Westerly right-of-way line of North Basin Avenue, a distance of 609.17 feet; thence South $37^{\circ}45'$ West, 558.1 feet, more or less, to the low water line of the Willamette River (Swan Island Basin); thence northwesterly along the low water line of said river, 730 feet, more or less, to a point on the southeasterly line of the Washington Cooperative Farmers Association; thence North $37^{\circ}45'$ East, 592.2 feet along said line to the point of beginning, containing 9.36 acres, more or less,

reserving, however, unto the Port, its successors and assigns, an easement and right-of-way in the above described premises, said easement and right-of-way described as follows, to wit:

Beginning at a point on the westerly right-of-way line of North Basin Avenue opposite centerline station 18+35.5; thence northerly along the arc of a curve right on a radius of 215 feet a distance of 35 feet, more or less, to the true point of beginning; of the centerline of the 30-foot strip of land and being 15 feet on each side of the following described centerline; thence South $37^{\circ}45'$ West, parallel to the West line of the above described parcel a distance

of 600 feet, more or less, to the East harbor line of the Willamette River.

RENTAL and TERM: The Tenant hereby agrees to pay to the Port, the sum of \$100.00, in advance, for rental of said property for a term beginning January 28, 1963, and terminating February 28, 1963, at which time this agreement shall cease, and have no further force and effect, provided, however, that if the Tenant shall hold over, that such holding over shall be in accordance with the terms of this agreement and shall be on a month-to-month basis with rental at the rate of \$100.00 per month, payable in advance.

NOTICES: Notices and payment of rent shall be deemed to be properly forwarded if sent by registered mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, P.O. Box 3529, Portland 8, Oregon, and to the Tenant at Sea-Land Service, Inc. P.O. Box 1050, Newark, New Jersey.

PORT'S RIGHT OF ENTRY: It shall be lawful for the Port, its agents and representatives, at any reasonable time, to enter into or upon said premises for the purpose of examining into the condition thereof, or any other lawful purpose.

LIENS: Tenant will not permit any lien of any kind, type or description to be placed or imposed upon the leased premises or any part thereof,

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first herein above written.

SEA-LAND SERVICE INC.

THE PORT OF PORTLAND

by Rue F. Richardson
Vice President
by M. R. McElroy
President

by [Signature]
by _____

NOTED:

[Signature]
ACCOUNTING DEPT.

APPROVED AS TO FORM
[Signature]
of Counsel to The Port of Portland

S U B L E A S E

THIS INDENTURE, made this day of August, 1970,
between SEA-LAND SERVICE, INC., a Delaware Corporation with
its principal office at Fleet and Corbin Streets, Elizabeth,
New Jersey, (hereinafter called "Lessor"), and I FIVE TRUCKING
COMPANY, INC., a Corporation, with its principal
office at (hereinafter called
"Lessee"),

W I T N E S S E T H:

That for and in consideration of the payment by
Lessee of the rent hereinafter reserved and the performance by
Lessee of the covenants and agreements hereinafter agreed to be
performed by it, and in accordance with all of the provisions
hereinafter set forth, Lessor does hereby let and demise unto
Lessee and Lessee does hereby take and hire from Lessor, the
following described real property (hereinafter referred to as
the leased premises):

The premises located at 5949 North Basin
Avenue, Portland, Oregon leased by Lessor
from the Port of Portland under lease dated
April 1, 1963 and thereafter supplemented
and amended but reserving to Lessor the
office space presently occupied by it, the
marine dock and the right of ingress to and
egress from such dock and office space

for a term three (3) months, beginning on August , 1970 and
ending on October , 1970 and thereafter to continue on a

month to month basis until terminated as hereinafter provided but subject to cancellation and termination at any time as elsewhere provided herein; at a rent of TWO THOUSAND (\$2,000.00) DOLLARS per month, payable to Lessor at P. O. Box 1050, Elizabeth, New Jersey 07207 in equal monthly installments in advance, without notice, on or before the first day of each month during the term of this lease.

This lease is made upon the foregoing and the following agreements, covenants, and conditions, all and every one of which Lessor and Lessee agree to keep and perform:

1. USE OF PREMISES:

Lessee will use and occupy the leased premises for its lawful business purposes. Lessee will comply with any and all laws, ordinances, orders, and regulations of any governmental authority which are applicable to its use of the leased premises.

2. TAXES, ASSESSMENTS, AND UTILITY CHARGES:

(a) Lessor shall pay, prior to delinquency, all real estate taxes, assessments and charges which are levied, imposed or assessed upon or against the leased premises.

(b) Lessor shall pay all charges for electricity, water and gas or other fuel consumed upon the leased premises.

3. INSURANCE:

(a) Lessor shall procure and maintain all insurance which it deems necessary for its protection against loss of or damage to the leased premises or any other property of Lessor situated thereon.

(b) Lessee shall procure and maintain all insurance which it deems necessary for its protection against loss of or damage to any of its property situated on the leased premises.

(c) Nothing contained in this lease shall be construed to require either party to repair, replace, reconstruct or pay for any property of the other party which may be damaged or destroyed by fire, flood, windstorm, earthquake, strikes, riots, civil commotions, acts of public enemy, acts of God, or other casualty and each party hereby waives all claims against the other for all loss or damage arising out of perils normally insured against by standard fire and extended coverage insurance.

4. MAINTENANCE AND REPAIRS:

(a) Lessee shall maintain and keep in good repair and condition the interior of the leased premises, including all glass; provided, however, that Lessee shall not be required to perform any maintenance, repairs or replacements necessitated by ordinary wear and tear, by the negligence of Lessor, its servants, agents or employees, by structural defects in any building, or by fire, or other casualty.

(b) Except for such maintenance, repairs, and replacements as are required by subsection (a) of this section to be made by Lessee, Lessor shall perform any and all

maintenance, repairs, and replacements which may be necessary to maintain the leased premises in good and tenantable condition.

(c) Lessor shall have the right to enter upon the leased premises from time to time in order to inspect the same and to perform any maintenance, repairs and replacements which it is required to make under the provisions of this lease, but this right shall be exercised in such manner as to not interfere with Lessee's use and enjoyment of the leased premises, and shall be subject to any and all laws, orders, or regulations of the United States Government or any department or agency thereof, relating to information affecting the national security which may at any time apply to Lessee's use of the leased premises.

5. DAMAGE TO OR DESTRUCTION OF PREMISES:

If, during the term of this lease, the leased premises are damaged by fire, flood, windstorm, strikes, riots, civil commotions, acts of public enemy, acts of God, or other casualty so that the same are rendered wholly unfit for occupancy, and if said leased premises cannot be repaired within sixty (60) days from the time of such damage, then this lease at the option of the Lessor may be terminated as of the date of such damage. In the event Lessor elects to terminate the lease, the Lessee shall pay the rent apportioned to the time of damage and shall immediately surrender the leased premises to Lessor who may

enter upon and repossess the same and Lessee shall be relieved from any further liability hereunder. If the Lessor does not elect to terminate the lease or if any damage by any of the above casualties, rendering the leased premises wholly unfit, can be repaired within sixty (60) days thereafter, Lessor agrees to repair such damage promptly and this lease shall not be affected in any manner except that the rent shall be suspended and shall not accrue from the date of such damage until such repairs have been completed. If said premises shall be so slightly damaged by any of the above casualties as not to be rendered wholly unfit for occupancy, Lessor shall repair the premises promptly and during the period from the date of such damage until the repairs are completed the rent shall be apportioned so that Lessee shall pay as rent an amount which bears the same ratio to the entire monthly rent as the portion of the premises which Lessee is able to occupy without disturbance during such period bears to the entire premises. If the damage by any of the above casualties is so slight that Lessee is not disturbed in its possession and enjoyment of the premises, then Lessor shall repair the same promptly and in that case the rent accrued or accruing shall not abate.

6. ACTION OF PUBLIC AUTHORITIES:

In the event that any exercise of the power of eminent domain by any governmental authority, Federal, State,

County or Municipal, or by any other party vested by law with such power shall at any time prevent the full use and enjoyment of the leased premises by Lessee for the purposes set forth in Section 1, Lessee shall have the right thereupon to terminate this lease. In the event of any such action both Lessor and Lessee shall have the right to claim, recover, and retain from the governmental authority or other party taking such action the damages suffered by them respectively as a result of such action.

7. CANCELLATION AND TERMINATION:

After this lease has been in effect for an initial term of three (3) months, either the Lessor or Lessee shall have the right to cancel and terminate this lease at any time during the extended month to month term by giving the other party thirty (30) days notice of its intent to cancel and terminate.

8. FIXTURES AND SIGNS:

(a) Lessee shall have the right to install in or place on the leased premises such fixtures, or other equipment as it may choose. Such fixtures or other equipment shall at all times remain the personal property of Lessee regardless of the manner or degree of attachment thereof to the premises and may be removed at any time by Lessee whether at the termination of this lease or otherwise; provided, however,

that Lessee shall at its cost and expense make reasonable restoration of the leased premises in the event that any substantial damage is done thereto in the removal of any such property.

(b) Lessee shall have the right to install or erect on the leased premises or to affix to any building which is a part of the leased premises, such signs as it may deem necessary or appropriate to advertise its name and business, except that no signs shall be painted on any exterior wall. At the termination of this lease or any renewal period thereof, such signs shall be removed by the Lessee at its cost and expense and the leased premises restored to the same condition as existed prior to the installation.

9. LIABILITY; INDEMNITY:

(a) Except as otherwise provided in Section 3(c) (Insurance) herein, Lessee shall be liable for any injury to or death of persons and for any loss of or damage to property caused by the negligent acts or omissions of its agents, employees, or invitees, or caused by Lessee's failure to perform the maintenance, repairs, and replacements required to be performed by it under the provisions of Section 4 (Maintenance and Repairs) of this lease. Lessee shall indemnify and save Lessor harmless against any and all liabilities, claims, demands, actions, costs and expenses which may be sustained by

Lessor by reason of any of the caused for which Lessee is liable pursuant to this subsection (a).

(b) Except as otherwise provided in Section 3(c) (Insurance) herein, Lessor shall be liable for any injury to or death of persons and for any loss of or damage to property caused by the negligent acts or omissions of its agents, employees, or invitees, or caused by Lessor's failure to perform the maintenance, repairs and replacements required to be performed by it under the provisions of Section 4 (Maintenance and Repairs) of this lease. Lessor shall indemnify and save Lessee harmless against any and all liabilities, claims, demands, actions, costs and expenses which may be sustained by Lessee by reason of any of the causes for which Lessor is liable pursuant to the subsection (b).

10. DEFAULT:

If Lessee shall fail to pay any rent to Lessor when the same is due and payable under the terms of this lease and such default shall continue for a period of ten (10) days after written notice thereof has been given to Lessee by Lessor, if the Lessee shall fail to perform any other duty or obligation imposed upon it by this lease and such default shall continue for a period of ten (10) days after written notice thereof has been given to Lessee by Lessor, or if the Lessee shall be adjudged bankrupt, or shall make a general assignment for the benefit of its creditors, or if a receiver of any property of

Lessee in or upon the leased premises be appointed in any action, suit, or proceeding by or against Lessee, or if the interest of Lessee in the leased premises shall be sold under execution or other legal process, then and in any such event Lessor shall have the right to enter upon the leased premises and again have, repossess, and enjoy the same as if this lease had not been made, and thereupon this lease shall terminate without prejudice, however, to the right of Lessor to recover from Lessee all rent and other sums due and unpaid up to the time of such re-entry. In the event of any such default and re-entry, Lessor shall have the right to relet the leased premises for the remainder of the then existing term whether such term be the initial term of this lease or any renewed or extended term, for the highest rent then obtainable, and to recover from Lessee the difference between the rent reserved by this lease and the amount obtained through such reletting. In the event that the amount obtained through such reletting, less the reasonable costs and expenses thereof, shall exceed the rent herein reserved, Lessor shall pay such excess to Lessee.

11. ASSIGNMENT; SUBLETTING:

Lessee shall not have the right to assign this lease or to sublet the premises or any part thereof without the consent of Lessor, which consent shall not be withheld unreasonably,

provided, however, that any such assignment or subletting shall not relieve Lessee from its duty to perform fully all of the agreement, covenants and conditions set forth in this lease.

12. TITLE:

Lessor covenants, and warrants that it has lawful title and right to make this lease, that it will maintain Lessee in full and exclusive possession of the leased premises, and that, if Lessee shall pay the rent and perform all the agreements, covenants, and conditions required by this lease to be performed by it, Lessee may freely, peaceably and quietly occupy and enjoy the leased premises without molestation or hindrance, lawful or unlawful, of any person whomsoever.

13. SURRENDER:

When this lease shall terminate in accordance with the terms hereof, Lessee shall quietly and peaceably deliver up possession to Lessor without notice from Lessor other than as may be specifically required by any provision of this lease. Lessee expressly waives the benefit of all laws now or hereafter in force requiring notice from Lessor with respect to termination. Lessee shall deliver up possession of the leased premises in as good order, repair and condition as the same are in at the beginning of the term of this lease except for reasonable wear and tear and loss, damage or destruction caused by fire, flood, windstorm, earthquake, strikes, riots, civil

commotions, acts of public enemy, acts of God, or other casualty, or caused by negligence of Lessor, its agents, employees or invitees.

14. NOTICE:

(a) Any notice or demand required by the provisions of this lease to be given to Lessor shall be deemed to have been given adequately if sent by Certified Mail to Lessor at the following address: Sea-Land Service, Inc., P. O. Box 1050, Elizabeth, New Jersey 07207. Attention: Vice-President, Truck Operations.

(b) Any notice or demand required by the provisions of this lease to be given to Lessee shall be deemed to have been given adequately if sent by Certified Mail to Lessee at the following address:

(c) Either party shall have the right to change its address as above designated by giving to the other party fifteen (15) days notice of its intention to make such change and of the substituted address at which any notice or demand may be directed to it.

15. COVENANTS TO BIND RESPECTIVE PARTIES:

This lease, and all of the agreements, covenants, and conditions contained herein shall be binding upon Lessor and Lessee and upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, Lessor and Lessee have caused these presents to be executed by their duly authorized officers and have caused their respective corporate seals to be hereto affixed, all as of the day and year first above written.

LESSOR:

ATTEST:

SEA-LAND SERVICE, INC.

W. H. H. H. H.
Assistant Secretary

By

W. L. Burch
Vice President

LESSEE:

ATTEST:

I FIVE TRUCKING COMPANY, INC.

Secretary

By

Vice President

The foregoing Sublease is hereby consented to:

PORT OF PORTLAND

By

As Lessor under Lease Dated
April 1, 1963

44-F(5)

FIRST ADDENDUM TO TRUCK TERMINAL LEASE AND AGREEMENT

THIS FIRST ADDENDUM to TRUCK TERMINAL LEASE AND AGREEMENT made and entered into this 24th day of May, 1963, by and between the PORT OF PORTLAND, a municipal corporation created by the laws of the state of Oregon, hereinafter referred to as the "Lessor", and SEALAND OF CALIFORNIA, INC., a corporation, hereinafter referred to as the "Lessee":

W I T N E S S E T H

IT IS HEREBY AGREED as follows:

1. That certain lease entered into by and between the parties hereto dated the first day of April, 1963, providing for the occupancy by the Lessee of certain Truck Terminal Facilities, is hereby amended as follows:

(a) Article II entitled, "TERM" is hereby amended by the addition of a new paragraph to be designated as paragraph E and said lease shall be and the same is hereby amended to read as follows:

"E. Inasmuch as the parties hereto are simultaneously executing a lease for adjoining premises, it is hereby agreed that any default under the terms of the Marine Facility Lease shall be deemed a default under the terms of the lease herein."

(b) Article VI entitled, "RENTAL" is hereby amended by the addition of a new paragraph to be designated as paragraph C and said lease shall be and the same is hereby amended to read as follows:

"C. The aforesaid rent shall be paid in lawful money of the United States of America, in equal monthly install-

ments in advance and without demand on the first day of each month of each and every year, during the whole of said term. Should payment of any rent installment be made by check for the amount due, acceptance of such check by the Lessor shall not be deemed payment of said installment, unless and until the amount of said check has been paid to the Lessor.

"If any installment payment is made later than ten days after the date upon which it is due, interest on such installment shall be paid thereon at the rate of six per cent per annum.

"The said installments of rent shall be paid to the Lessor at its offices at Swan Island, Portland, Oregon, or at such other place in the state of Oregon as it may in writing designate."

2. This first addendum shall take effect immediately upon execution by the parties.

3. In all other respects said lease dated the 1st day of April, 1963, is hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the day and year first above written.

THE PORT OF PORTLAND

SEA-LAND OF CALIFORNIA, INC.

By: Robert B. Wilson
President

By: M. R. McGraw
President

Attest:

Attest:

By: George M. Baldwin
Assistant Secretary

By: E. B. Hall
Assistant Secretary

LESSOR

LESSEE

- 2 -

APPROVED AS TO FORM
Lynton L. Platum
of Counsel for The Port of Portland

NOTED:

[Signature]
ACCOUNTING DEPT.

PSY100001981

44-F(3)

TRUCK TERMINAL LEASE

THIS LEASE AND AGREEMENT, made this 1st day of April, 1963, between the Port of Portland, a municipal corporation created by the laws of the State of Oregon, hereinafter referred to as the Lessor, and Sea-Land of California, Inc., a corporation, hereinafter referred to as the Lessee:

W I T N E S S E T H

WHEREAS, the object, purpose and occupation of Lessor is to promote maritime, shipping, industrial, and commercial interests of the Port and,

WHEREAS, Lessee desires to lease the hereinafter described premises for a basic period of 20 years so as to enable Lessee to engage in the operation of a transportation business by land and water, which operation is in the best interests of the maritime, shipping, industrial and commercial interests of the Port,

NOW THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained, and for other good and valuable considerations, the parties hereto agree as follows, to-wit:

I. PREMISES

Lessor, in consideration of the rents hereinafter reserved and of the agreements of Lessee herein to be kept, performed and fulfilled, leases to Lessee the following described premises located in Section 17, Township 1 North, Range 1 East of the Willamette Meridan, in the City of Portland, County of Multnomah and State of Oregon:

- ⊕ Beginning at a point on the Westerly right-of-way line of North Basin Avenue said point being North 1374.69 feet and West 1789.88 feet from the Southeast corner of said Section 17; thence Southerly along the arc of a 215-foot radius curve to the left having a central angle of 34°11'43" a distance of 128.32 feet to a point, said point bears South 35°09'08" East, 126.42 feet from the last described point and is also 40 feet left of Basin Avenue centerline station 18+35.50; thence South 52°15' East, along the Westerly right-of-way line of North Basin Avenue, a distance of 609.17 feet; thence South

37°45' West, 370 feet, to a point; thence North 52°15' West, 730 feet, more or less, to a point on the Southeasterly line of the Washington Co-operative Farmers Association; thence North 37°45' East, 407.17 feet along said co-op line to the point of beginning.

Dwg
MB 63-3

Containing 6.2337 acres, more or less

reserving, however, unto the Port, its successors and assigns, an easement and right-of-way in the above described premises, said easement and right-of-way described as follows, to-wit:

2 Beginning at a point on the Westerly right-of-way line of North Basin Avenue opposite centerline station 18+35.5; thence Northerly along the arc of a curve right on a radius of 215 feet a distance of 35 feet, more or less, to the true point of beginning; of the centerline of the 30-foot strip of land and being 15 feet on each side of the following described centerline; thence South 37°45' West, parallel to the West line of the above described parcel a distance of 600 feet, more or less, to the East harbor line of the Willamette River.

II. TERM

A. The term of this lease shall be for a period of (20) twenty years commencing on April 1, 1963, and ending with April 1, 1983.

B. It is expressly understood and agreed that the Lessee is hereby granted and shall have two separate options to extend the term of this lease for successive and separate periods of five years each upon giving to the Lessor at least three months' prior to the expiration of the original term or of any extended term, written notice of its intention to so extend the term of this lease; provided however, the terms of this lease may not be extended unless a concurrent extension is effected between the parties to the Marine Facility Lease dated April 1, 1963 for properties located immediately adjacent to the truck terminal and such extension of the Marine Facility Lease shall be for a term identical to any extension sought hereunder. All of the terms and conditions of the lease shall apply to any and all extended periods of this lease.

C. FURTHER PROVIDED HOWEVER, that if Lessee should exercise its option under Article IV B of the Marine Facility Lease dated April 1, 1963, (i) the expiration date of the term of this lease shall be 20 years from the date said docking facility is ready for occupancy, (ii) the first option for renewal herein shall be for a period to expire on April 1, 1988, and (iii) the second option for renewal shall be for the period commencing on April 1, 1988, and ending on April 1, 1993.

D. Lessee must exercise its options under this Article II so that it is, during any and all renewals or extensions, the Lessee of the premises herein leased.

III. USE OF PREMISES

Lessee agrees that it will use and occupy the premises for the purpose of parking, storage, repair and maintenance of its trucks, trailers and containers, and/or those of its agents; and for the receipt, handling, loading, unloading, storage, transporting and delivery of cargo to and from said trucks, trailers and containers; and for uses incident thereto; and Lessee further agrees that it will not suffer or permit the premises or any part thereof to be used for any other purposes than those recited above, except with written consent of Lessor.

IV. LEASEHOLD IMPROVEMENTS

A. TRUCK TERMINAL FACILITY

Lessee agrees to erect and complete at its own expense on the leased premises a Truck Terminal Facility in good and suitable manner. The erection of such Truck Terminal Facility shall be completed within six months of the date of the execution of this lease, excepting only delays caused by strikes, lockouts, Acts of God or insured risks. All plans and specifications, and any modifications thereof, for the construction of said Truck Terminal Facility must have the written approval of the Lessor in advance of any work being done under said plans and specifications, or any modifications thereof.

When said Truck Terminal Facility is ready for occupancy, Lessee shall notify Lessor in writing of the date thereof and shall accompany said notification with a verified statement of all construction costs incurred and paid by Lessee up to and including the date of notification, including Lessor's architects and engineering fees. Said statement shall be supported by receipted invoices for all of said costs. Within 10 days after receipt of said notification, statement of costs and receipted invoices, Lessor shall pay to Lessee one-half (1/2) of the total amount of said costs. Upon such payment to Lessee, title to said Truck Terminal Facility shall pass to Lessor subject to the terms of this lease.

Upon completion of said Truck Terminal Facility by Lessee and final approval of said Truck Terminal Facility having been obtained in writing from the Lessor, Lessee shall file with Lessor a verified statement of the final cost thereof together with receipted invoices for all of said costs (excluding the necessity of furnishing receipted invoices for those costs submitted to Lessor at the time said Truck Terminal Facility is ready for occupancy), including Lessor's architects and engineering fees. Upon determination by the Lessor's audit that the constructed Truck Terminal Facility is free and clear of all liens and encumbrances and the total construction cost verified and approved by Lessor, the remaining balance of the construction cost shall be paid by Lessor to Lessee within 90 days after submission of said verified statement.

V. GENERAL CONDITIONS REGARDING CONSTRUCTION

A. All construction to be performed by Lessee, as specified in Article IV herein, shall comply with all requirements of law and with any and every public authority having jurisdiction and shall conform to plans and specifications to be approved by the public authorities having jurisdiction and by the Lessor.

B. Lessee shall promptly as due, make payment to all persons supplying labor or material for all Lessee's construction as specified herein and shall not permit any lien or claim to be filed or prosecuted against any construction, the premises, or Lessor on account of any labor or materials furnished.

C. In excavating for any structures to be erected upon the leased premises, Lessee shall conform to and observe all laws, statutes and ordinances relating to such excavations and will protect all buildings and facilities on adjacent premises.

D. The Lessor, its architect, agents and employees shall have the right to enter upon the lease premises and make inspections at any time during the course of building construction.

VI. RENTAL

A. Ground Rental

1. For the first five years of the basic lease period herein, ground rental shall be at the rate of \$13,090.77 per annum, payable in equal monthly installments of \$1,090.90. This basic ground rental is determined by applying a rental rate of six per cent per annum to a valuation of \$35,000 per acre.

2. For the second five-year period of this lease, to-wit, and for each succeeding five-year period thereafter, the period commencing on April 1, 1968, Lessee shall pay a rental computed by first ascertaining the fair market value of the premises hereby leased, and then applying to the said fair market value a rental rate of six per cent per annum of the value so determined. In determining the rental for each of said five-year periods, the fair market value of the land shall be no less than ninety per cent (90%) nor more than one hundred ten per cent (110%) of the value in effect for the immediately preceding five-year period and the date for determining such fair market value shall be the date each of such five-year period commences. For the purpose of determining future ground rental, the word "premises" shall mean land only. Said annual rental rate, when so determined, shall be payable in equal monthly installments in advance. It is expressly understood that said rental rate shall be the net amount payable to Lessor and that Lessee shall pay all taxes, assessment, etc., in accordance with the provisions of Article VIII of this lease. The determination of the annual rental rate for each of said five-year periods shall be made not less than six months before the expiration of each five-year period of this lease.

3. In the event the parties hereto are unable to agree upon said fair market value in accordance with Paragraph (2) hereinabove, Lessor and Lessee shall each give in writing to the other, the names of a disinterested person familiar with real estate values in the city of Portland, to act as arbitrators. The two men so chosen shall select a third and these three arbitrators shall then immediately proceed to determine the fair market value of said premises and report said fair market value in writing to the parties hereto not later than four months before the expiration of the first five-year period. Such report and determination, whether unanimous or by majority, shall be final and binding upon the parties hereto as to the market value of said premises.

4. In the event that for any reason, whether through failure to appoint arbitrators or failure of the arbitrators to act, no report of such fair market value is made within the time or times respectively as provided herein, either party may apply for judicial relief under the applicable arbitration statutes of the state of Oregon, to the end that the fair market value as contemplated herein shall be determined. No determination of fair market value shall be invalid by reason of having been delayed or not having been made within the time or times respectively as herein provided. If any such determination of fair market value is delayed, the same when made shall be effective and binding upon the parties as to the rentals to be paid by the Lessee to the

Lessor as of the beginning of the period to which such new rental base applies. The cost, including attorney's fees of any such legal proceeding, shall be borne and paid by the party hereto whose neglect or default has made such proceeding necessary.

B. TRUCK TERMINAL FACILITY

1. Lessee agrees to pay Lessor, as rental for the use of the Truck Terminal Facility, monthly rental commencing on the month the Lessee begins using said Truck Terminal Facility, or on the month Lessor makes final payment to Lessee under the terms of Article IV A above, whichever first occurs. Said monthly rental shall be the sum equal to the monthly payment required to amortize within the time between the beginning month and final month of the basic term of this lease, the total construction cost as determined under the terms of Article IV A, with interest at the rate of six per cent per year on the unamortized balance.

2. Should Lessee continue under this Lease Agreement beyond the initial basic term of 20 years, Lessee agrees to pay Lessor as rental during such extended period for the use of said Truck Terminal Facility a monthly rental computed on a basis of 4% per annum of the total original cost as determined under Article IV A.

VII. PERFORMANCE BOND

Lessee shall, upon the execution of this lease, file with Lessor a good and sufficient corporate surety company bond with a surety qualified to do business in the state of Oregon, the form and terms of which bond shall be subject to the approval of Lessor, in the sum of \$175,000, conditioned upon the full performance by Lessee of all the terms and conditions of this Lease Agreement and the payment by Lessee of the rentals and of all other amounts herein provided. Said bond shall be for a period of five years commencing with the execution of this agreement.

VIII. TAXES

Lessee agrees to pay all lawful taxes and assessments, which during the term hereof, or any extension as provided for herein, may become a lien or which may be levied by the State, County, City, or any other tax levying body, upon the premises herein or upon any taxable interest by Lessee acquired in this lease agreement, or any taxable possessory right which Lessee may have in or to the premises or facilities hereby leased or the improvements thereon, by reason of its occupancy thereof, or otherwise, as well as all taxes on taxable property, real or personal, owned by Lessee in or about said premises. Upon making

such payments, Lessee shall give to Lessor a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or a lien on any of said property or taxable interest therein shall be paid in full and without proration by Lessee, forthwith, or as soon as a statement thereof has been issued by the Tax Collector, if termination occurs during the interval between attachment of the lien and issuance of statements.

Lessee shall have the right to request Lessor to join them in any tax appeal cases and that the Lessor will not deny Lessee the right to tax appeal.

IX. ASSIGNMENT OF LEASE

Lessee agrees it will not assign nor sub-lease this lease without prior written approval of Lessor which approval shall not be unreasonably withheld.

X. INSURANCE

At all times during the term of this lease, Lessee shall insure at Lessee's own cost and expense the Truck Terminal Facility and any other building or buildings placed upon the premises, against fire, windstorm, hail, explosion, smoke, or riot with responsible insurance companies satisfactory to Lessor, legally authorized to transact business in the state of Oregon and maintaining an office or agency in the city of Portland, said insurance to be for the full insurable value of said facilities or buildings, on a replacement cost basis, provided, however, that Lessee may have a ninety per cent (90%) co-insurance clause upon said insurance policy or policies. Lessee shall furnish Lessor with evidence of such insurance and the policy or policies shall have loss payable clauses, making the insurance payable to the Lessor.

XI. DISPOSITION OF INSURANCE MONIES

A. If the building or buildings or other facilities on the leased premises are destroyed or damaged by insured risks to the extent of fifty per cent (50%) or less of their insured value, Lessee must rebuild or repair same and the insurance proceeds shall be made available by Lessor for use by Lessee for that purpose. Should the reconstruction of the building or buildings or other facilities be more than is provided from the insurance monies, Lessee shall pay all additional costs incurred thereby providing this occurs before the 15th year. After the 15th year, Lessee has the option to terminate and the proceeds go to the Lessor.

B. If the building or buildings or other facilities on the leased premises are destroyed or damaged by insured risks to the extent of more than fifty per cent (50%) of their insured value, Lessee has the option to rebuild and repair same and to use the insurance proceeds for that purpose, or to terminate this lease; provided, however, that said option shall expire one hundred and twenty (120) days from the date the damage or loss occurs. In the event Lessee elects not to exercise its option to rebuild and repair, or the option expires without being exercised, then in either event, this lease shall terminate and Lessor shall be entitled to the entire proceeds of the insurance.

C. Lessor shall in no event be required or called upon to repair, restore or rebuild the demised premises, or any part thereof, or to pay any of the expenses or costs thereof.

D. In the event Lessee shall neglect to insure or keep insured the building or buildings or other facilities on the premises, Lessor may at its election, procure or renew such insurance. The amount paid by Lessor therefor shall be paid by Lessee with the installment of rent next and thereafter falling due under this lease, together with interest at the rate of six (6%) per cent per annum from the date of said payment by Lessor.

XII. PAYMENTS BY LESSOR RECOVERABLE FROM LESSEE

Lessor shall, at its option, have the right at all times during the demised term, to pay any taxes, assessments, water rates or other charges on the premises and any reversionary interest therein remaining unpaid three (3) months after the same have become due and payable, and to pay, cancel and clear off all tax sales, liens, charges and claims on or against the premises or reversionary interests therein, and to redeem the premises from the same, or any of them, from time to time, and the amount paid, including reasonable expenses, shall be so much additional rent due from Lessee at the next rent day after any such payment with interest thereon at the rate of six per cent (6%) per annum from the date of payment thereof by Lessor, until the repayment thereof to Lessor by Lessee.

If Lessor at its option, shall pay any such taxes, assessments, water rates or other charges, or pay, cancel and clear off any tax sales, liens, or charges and claims on and against the premises or the reversionary interest therein, it shall not be obligatory for Lessor to inquire into the validity of any such taxes, liens, assessments, water rates or other charges, or any such tax sale. Provided, however, that if Lessee shall be actively prosecuting its administrative or legal remedies in protest of any tax, lien, assessments, water rates or other charges, or

claims, Lessor shall not have the right to pay or advance sums referable thereto until such remedies have been exhausted.

XIII. MAINTENANCE

Lessee covenants and agrees to maintain, at Lessee's own cost and expense the Truck Terminal Facility and any and all other buildings or improvements constructed on the lease premises in constant good, presentable and substantial condition and repair during the term hereof and any extensions as provided for herein, subject to the provisions of Articles XI and XV.

XIV. ALTERATIONS OR ADDITIONAL IMPROVEMENTS

Lessee agrees that it will make no alterations or additional improvements on the leased premises without the written consent of Lessor, and Lessor agrees not to unreasonably withhold said consent, and all alterations and improvements made by Lessee (except only movable office furniture or trade fixtures) shall become the property of the Lessor on the Termination of this lease.

XV. SURRENDER AT END OF TERM

On the last day of the term hereof, or upon any sooner termination hereof, Lessee shall peaceably and quietly leave, surrender and deliver to the Lessor the leased premises, together with all buildings upon the premises and all alterations, changes, additions and improvements which may have been made upon the premises (except movable furniture or movable trade fixtures put in at the expense of Lessee) in thorough repair and good order and safe condition, ordinary wear and tear, and natural decay, Acts of God, acts of war and insured casualties only excepted.

XVI. HOLDING OVER

In the event Lessee shall remain in the demised premises after the expiration or sooner termination of the term of this lease, such holding over shall not constitute a renewal or extension of this lease. Lessor may, at its option, elect to treat Lessee as one who has not removed at the end of his term, and thereupon be entitled to all the remedies against the Lessee provided by law in that situation, or the Lessor may elect at its option to construe such holding over as a tenancy from month to month, subject to the payment of all rent in advance, the monthly rate being proportional to the previous annual rent paid by Lessee.

XVII. INDEMNITY

Lessee agrees fully to indemnify and save and hold harmless, the Lessor from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to third persons or their property, caused by the fault or negligence of Lessee, its agents or employees, in the use or occupancy of the said leased premises by Lessee; provided however that Lessee shall not be liable for any injury or damage or loss occasioned by the negligence of Lessor, its agents or employees; and provided further that Lessor shall give to Lessee prompt and reasonable notice of any such claims or actions and Lessee shall have the right to investigate, compromise and defend same. Lessee agrees to carry and keep in force, public liability insurance covering personal injury and property damage, and such other insurance as may be necessary to protect Lessor herein from such claims and actions aforesaid. Without limiting its liability as aforesaid, Lessee agrees to carry and keep in force such insurance with limits of liability for personal injury in the sum not less than \$200,000 for any one person, and \$500,000 for any one accident and for property damage in the sum of not less than \$100,000. Said policy or policies shall expressly acknowledge and affirm Lessee's obligation to hold Lessor harmless to the extent hereinbefore stated. A certificate of such insurance covering all said policy or policies shall be issued currently to Lessor. Lessor shall not be shown, listed or named as co-assured or as additional assured by such policy or policies hereinabove required.

XVIII. INSPECTION

Lessor reserves the right at any reasonable time during the continuance of this lease to enter upon the said demised premises either in person or through its designated agents or employees, for the purpose of inspecting said demised premises and ascertaining the condition of the same, or for any other purpose whatsoever.

XIX. CONDEMNATION OF LEASED PROPERTY

If the entire premises be taken by appropriation to public use, under right of eminent domain, during the term of this lease, this lease shall terminate, at the option of Lessor. If Lessee is not in default under any of the provisions of this lease on said date, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee. Lessee may file for pro-rata value of any improvements or additions made with the consent of the Lessor.

XX. SUMS DUE LESSOR - A LIEN

It is expressly understood and agreed by Lessee, its successors and assigns, that the whole amount of rent reserved and agreed to be paid for said demised premises and each and every installment thereof, and any and all other sums to be paid by Lessee under the terms of this lease, shall be and hereby are declared to be a valid and first lien upon any and all buildings and improvements on said premises, or that may at any time be erected, placed or put on said premises by Lessee, its successors or assigns and upon its interest in this lease and the premises hereby leased.

XXI. STANDARD USE RESTRICTIONS ON PREMISES

A. No noxious or offensive trade, business or activity shall be conducted on said premises, nor shall anything be done thereon which may be or become a nuisance to the Swan Island Industrial Park.

B. No trade, business or activity shall be conducted on said premises which produces an unreasonable noise, and in no event shall any such trade, business or activity produce or cause to be produced noise which exceed the following intensity in relation to sound frequency as measured at any point on the perimeter of the above described premises:

<u>Octave Band Frequency in cycles per second</u>	<u>Maximum Permitted Sound Level in Decibels</u>
20 to 75	74
75 to 150	66
150 to 300	59
300 to 600	55
600 to 1200	53
1200 to 2400	53
2400 to 4800	52
4800 to above	51

C. No trade, business or activity shall be conducted on said premises which produces unreasonable vibration, heat, or glare.

D. All loading and unloading of trucks, railroad cars and other vehicles shall be made upon the premises herein, with no on-street loading or unloading permitted. Maneuvering of vehicles shall be made upon the above described premises, and not in any public road, avenue or street.

E. No materials, supplies or products shall be stored on the premises outside a permanent structure, unless such storage is visually screened from all approaches by a suitable barrier, screen, or covering, and such materials, including wastes, shall be stored in such a manner as not to attract or aid the propagation of insects or rodents, or create a health hazard.

F. No billboards or advertising signs shall be permitted except those identifying the name, business and products of the persons or firms occupying the premises. Such signs as are permitted shall be placed on the outside walls of the buildings, but shall not extend above the roof line. There shall be no illuminated signs of a flashing, intermittent type. All signs shall be subject to the prior written approval of the Port before construction or placing upon the premises.

XXII. DEFAULT

Provided always, these entire agreements are upon these conditions that (a) if Lessee shall fail to pay rent when due, or (b) if Lessee shall fail or neglect to do or perform or observe any of the covenants contained herein on Lessee's part to be kept and performed, and such default under (a) herein shall continue for a period of not less than ten (10) days or under (b) herein for a period of not less than thirty (30) days after the Lessor has notified Lessee in writing of Lessee's default hereunder, or if Lessee shall be declared to be bankrupt or insolvent according to law, or if any assignment of its property shall be made for the benefit of creditors, or the failure by Lessee to utilize insurance proceeds as herein provided for or fail to replace or reconstruct the facilities and building or buildings as herein provided for, then in either of said cases or events, the Lessor, or those having its estate in the premises, lawfully may, at its option, immediately or at any time thereafter, without demand or notice, enter into and upon said leased premises or any part thereof and in the name of the whole repossess the same of its former estate, and expel said Lessee and those claiming by, through and under it, and remove its effects, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any remedy which otherwise might be used, for arrears of rent or preceding breach of covenants. On the re-entry aforesaid, this lease shall terminate. In this connection it is agreed that failure of the Lessor to declare this agreement terminated upon the default of Lessee for any of the reasons set out shall not operate to bar or destroy the right of the Lessor to declare this agreement null and void by reason of any subsequent violation of the terms of this agreement.

XXIII. ATTORNEY'S FEES

In the event any action or suit or proceeding is brought to collect the rent due or to become due hereunder or any portion thereof, or to take possession of said premises or to enforce compliance with this agreement or caused by failure of Lessee to observe any of the covenants of this agreement, Lessee agrees to pay Lessor such sum as the court may adjudge reasonable as attorney's fees to be allowed in said suit, action or proceeding.

XXIV. PARTIAL INVALIDITY

If any term or provision of this lease agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

XXV. PROPER NOTICES

All notices required under this lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Lessor at the Port of Portland, P. O. Box 3529, Portland 8, Oregon, and to the Lessee at 1425 Maritime Street, Oakland, California. Date of service of such notice shall be the date such notice is deposited in a post office of the United States Post Office Department at Portland, Oregon, postage paid.

XXVI. WAIVERS

No waiver of a breach of any of the agreements or provisions contained in this lease shall be construed to be a waiver of any subsequent breach of the same or of any other provision in this lease, and shall not operate to bar or prevent Lessor from declaring a forfeiture because of any succeeding breach either of the same condition or covenant or otherwise.

XXVII. STATUTORY PROVISIONS

This lease is subject to the provisions of ORS 279.312 through 279.320 inclusive, which by this reference are incorporated herein as fully as though set forth verbatim.

XXVIII. TERMS BINDING ON SUCCESSORS

All the terms, covenants and conditions of this lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. The provisions of this Article shall not be deemed as a waiver of any of the conditions against assignment or sub-letting hereinbefore set forth.

IN WITNESS WHEREOF, the parties hereto have subscribed their names the day and year first above written.

THE PORT OF PORTLAND

SEA-LAND OF CALIFORNIA, INC.

By: Robert B. Wilson
President

By: M. R. M. Gray
President

Attest:

Attest:

By: George M. Belcham
Assistant Secretary

By: E. M. Lee
Assistant Secretary

LESSOR

LESSEE

APPROVED AS TO FORM
Lynton L. Tatum
Counsel for The Port of Portland

- 14 -

NOTED:

136
ACCOUNTING DEPT.

STATE OF OREGON)

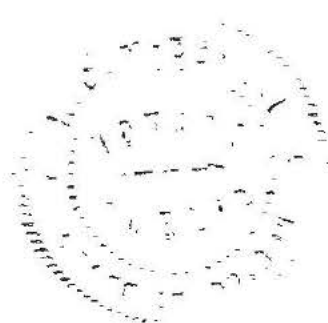
County of Multnomah)

ss.

June

On this 10th day of ~~April~~ ^{June}, 1963, before me appeared Robert B. Wilson and George M. Baldwin both to me personally known, who being duly sworn, did say that he, the said Robert B. Wilson is the President, and he, the said George M. Baldwin is the Assistant Secretary of The Port of Portland the within named Municipal Corporation, and that the seal affixed to the within instrument is the corporate seal of said Municipal Corporation, and that the said instrument was signed and sealed in behalf of said Municipal Corporation by authority of its Board of Directors, and the said Robert B. Wilson and George M. Baldwin acknowledge said instrument to be the free act and deed of said Municipal Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, this the day and year first in this, my certificate, written.



He Thadwell

Notary Public for Oregon

My Commission expires: September 9, 1964

My Commission Expires:

STATE OF NEW JERSEY)
)
County of Essex) ss.

On April 1, 1963, before me, the undersigned,
a Notary Public in and for said County and State, personally ap-
peared M. G. McEvoy, known to me to be the Presi-
dent, and E. H. Hall Jr., known to me to be the
Assistant Secretary of the Corporation that executed the within
instrument, known to me to be the persons who executed the within
instrument, on behalf of the Corporation herein named, and acknow-
ledged to me that such Corporation executed the within instrument
pursuant to its by-laws or a resolution of its Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal.

Harry L. Edacouch
Notary Public
in and for said County and State

My Commission Expires: July 7, 1966

GUARANTY

FOR VALUE RECEIVED, and in consideration for, and as an inducement to Landlord making the within lease with Tenant, the undersigned guarantees to Landlord, its successors and assigns, the full performance and observance of all the covenants, conditions and agreements, therein provided to be performed and observed by Tenant, without requiring any notice of non-payment, non-performance or non-observance, or proof, or notice, or demand, whereby to charge the undersigned therefor, all of which the undersigned hereby expressly waives and expressly agrees that the validity of this agreement and the obligations of the guarantor hereunder, shall in no way be terminated, affected or impaired by reason of the assertion by Landlord against Tenant of any of the rights or remedies reserved to Landlord, pursuant to the provisions of the within lease. The undersigned further covenants and agrees that this guaranty shall remain and continue in full force and effect as to any renewal, modification or extension of this lease. As a further inducement to Landlord to make this lease and in consideration thereof, Landlord and the undersigned covenant and agree that in any action or proceeding brought by either Landlord or the undersigned against the other on any matters whatsoever arising out of, under or by virtue of the terms of this lease or of this guaranty, that Landlord and the undersigned shall and do hereby waive trial by jury.

McLEAN INDUSTRIES, INC.

By: M. P. McLean
M. P. McLean
President

ATTEST:

Clara L. McLean
Clara L. McLean
Secretary

GUARANTY

FOR VALUE RECEIVED, and in consideration for, and as an inducement to Landlord making the within lease with Tenant, the undersigned guarantees to Landlord, its successors and assigns, the full performance and observance of all the covenants, conditions and agreements, therein provided to be performed and observed by Tenant, without requiring any notice of non-payment, non-performance or non-observance, or proof, or notice, or demand, whereby to charge the undersigned therefor, all of which the undersigned hereby expressly waives and expressly agrees that the validity of this agreement and the obligations of the guarantor hereunder, shall in no way be terminated, affected or impaired by reason of the assertion by Landlord against Tenant of any of the rights or remedies reserved to Landlord, pursuant to the provisions of the within lease. The undersigned further covenants and agrees that this guaranty shall remain and continue in full force and effect as to any renewal, modification or extension of this lease. As a further inducement to Landlord to make this lease and in consideration thereof, Landlord and the undersigned covenant and agree that in any action or proceeding brought by either Landlord or the undersigned against the other on any matters whatsoever arising out of, under or by virtue of the terms of this lease or of this guaranty, that Landlord and the undersigned shall and do hereby waive trial by jury.

SEA-LAND SERVICE, INC.

By: M. R. McEvoy

M. R. McEvoy
President

ATTEST:

Clara L. McLean

Clara L. McLean
Assistant Secretary